



## Passive Income: 3 Undervalued TSX Stocks to Buy Right Now

### Description

**TSX** stocks are a nice source of easy, passive income for many Canadians. You don't need much capital to own a wide selection of stocks. Likewise, once you have researched and built a thesis for owning a company's stock, all you have to do is buy it and hold it. If you buy a quality company, don't worry about the ups and downs in the stock.

That is especially true if you are investing for passive income. The market can climb or decline, but if you pick wisely, you will continue to collect a stream of [dividends](#) regularly. If you find stocks that are undervalued, you will also be lucky enough to enjoy some capital returns as well.

If you are looking for stocks with stable streams of passive income and long-term potential for capital gains, here are three I would look at in January.

### Passive income from real estate

The supply chain crisis has been helping create very strong demand for industrial real estate. Companies are requiring more space, as they transition from just-in-time inventory to just-in-case inventory. That is proving very favourable for **Dream Industrial REIT** ([TSX:DIR.UN](#)). It owns warehousing, distribution, and industrial properties across Canada, the United States, and Europe.

Over the past few years, the REIT has added millions of square feet to its portfolio. Simultaneously it has reduced its debt metrics. Very strong leasing demand and rising rental rates should combine to create solid cash flow-per-share growth of about 10% for the next few years.

Today, it pays a \$0.05833 monthly distribution that is equivalent to a 4.3% distribution yield. This passive-income stock is one of the cheapest industrial REITs in Canada and the United States. It could benefit from a stock re-rating up in 2022.

### An energy dividend stock

Despite rising 12% so far in 2022, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) still looks reasonably cheap today. It trades with a forward price-to-earnings ratio of only seven.

Perhaps there is a reason for that. Over the past few months, the company had several operational incidents that disrupted production. While this has been a bit of a plague, it is just more incentive for management to do better. Also, [Suncor executives](#) have been buying a lot of their stock recently.

This passive-income stock just raised its dividend by 100% in late 2021. With a \$0.42 per share quarterly dividend, its payout is close to its pre-pandemic level. With oil over US\$80 per barrel, Suncor should continue to deliver very strong free cash flows. This should result in further dividend rewards and lots of future share buybacks.

## Passive income from an industrial stock

**Intertape Polymer** ([TSX:ITP](#)) may not be as well known as the stocks above, but it is an interesting play on value, passive income, and growth. It is a leading manufacturer and distributor of tapes, wraps, and packaging solutions across the world.

Over the past few years, it has expanded its manufacturing capacity, created scale, and reduced expenses. The recent boom in e-commerce has been a major tailwind, because demand for shipping tapes has rapidly risen. Today, its operations are producing significant amounts of free cash.

It pays a 3.4% dividend, and it just raised that [dividend](#) again by 6.4%. This passive-income stock only trades for 10 times earnings, so it looks like an attractive bargain today.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:ITP (Intertape Polymer Group)
4. TSX:SU (Suncor Energy Inc.)

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